



January 27, 2015

Mr. Jason Pistillo
President
University of Advancing Technology
2625 W. Baseline Road
Tempe, AZ 85283-1056

Certified Mail
Return Receipt Requested
#: 70070710000106755127

RE: **Expedited Final Program Review Determination Letter**
OPE ID: 02559000
PRCN: 201510928883

Dear Mr. Pistillo:

From December 15, 2014 through December 19, 2014, Marcia Clark and Nancy Taylor conducted a review of University of Advancing Technology's (UAT's) administration of the programs authorized pursuant to Title IV of the Higher Education Act of 1965, as amended, 20 U.S.C. §§ 1070 et seq. (Title IV, HEA programs). The program reviewed continued off-site until January 3, 2015. The purpose of this Final Program Review Determination Letter is to close the program review.

The focus of the review was to assess UAT's compliance with the statutes and regulations as they pertain to the institution's administration of Title IV programs. A sample of 30 files was identified for review from the 2013-2014 and 2014-2015 (year to date) award years. The sample included 25 files that were selected randomly from a statistical sample of the total population receiving Title IV, HEA program funds for each award year as reported on the institution's Recipient Data Spreadsheet. A judgmental sample of five students was also selected from institutional data based upon these students' award years and completion statuses.

Additionally, five classes were reviewed to assess UAT's compliance with distance education regulations as they pertain to the institution's administration of the Title IV programs. The distance education participation of two students in the sample was reviewed, and the sample was expanded to review the distance education participation of three additional students.

Appendix A lists the names and social security numbers of the students whose files were examined during the program review.

Protection of Personally Identifiable Information (PII):

PII is any information about an individual which can be used to distinguish or trace an individual's identity (some examples are name, social security number, date and place of birth). The loss of PII can result in substantial harm, embarrassment, and inconvenience to individuals and may lead to identity theft or other fraudulent use of the information. Appendix A was encrypted and sent separately to the institution via e-mail.

Although the review was thorough, it cannot be assumed to be all-inclusive. The absence of statements in the report concerning UAT's specific practices and procedures must not be construed as acceptance, approval, or endorsement of those specific practices and procedures. Furthermore, it does not relieve UAT of its obligation to comply with all of the statutory or regulatory provisions governing the Title IV, HEA programs.

The San Francisco/Seattle School Participation Division has made a Final Program Review Determination concerning the findings that were identified during the program review. The following is a discussion of the findings identified and the resolution of those findings.

Program Review Findings and Final Program Review Determinations:

Finding 1. Failure to Comply with Exit Counseling Requirements

Citation: A school must ensure that exit counseling is conducted with each Direct Subsidized Loan, Direct Unsubsidized Loan or PLUS Graduate Loan borrower shortly before the student borrower ceases at least half-time study at the school. 34 C.F.R. § 685.304(b).

If exit counseling is conducted through interactive electronic means, a school must take reasonable steps to ensure that each student borrower receives the counseling materials, and participates in and completes the exit counseling. Further, the school must maintain documentation substantiating the school's compliance with these requirements for each student borrower. 34 C.F.R. §§ 685.304(b)(6) and (7).

If the student borrower drops out without notifying the school, you must confirm that the student has completed online counseling or mail exit counseling material to the borrower at his or her last known address. It is also acceptable to email the information to the borrower at his or her home (not school) e-mail address, if you have that address. Note that you may send the print or PDF version of the *Exit Counseling Guide for Federal Student Loan Borrowers* to satisfy the exit counseling requirement. The material must be mailed or emailed within 30 days of learning that a borrower has withdrawn or failed to participate in an exit counseling session, and the actions taken by the school to provide exit counseling information must be documented. 2013-2014 Federal Student Aid Handbook, Volume 2, Chapter 6.

Noncompliance: UAT failed to develop a policy that ensured all withdrawn and graduated students completed exit counseling. UAT provided a one-time, one-page electronic notification to its students. This notice failed to contain the required exit materials. Further, UAT failed to have a practice to follow up and confirm that each student completed the exit counseling.

Student #4: This student withdrew on July 20, 2014 and UAT reported the withdrawn status to the National Student Loan Data System (NSLDS) on August 8, 2014. On August 3, 2014, UAT sent the student an email letter advising the student to complete his required exit counseling. However, UAT failed to follow up to ensure that the student completed his exit counseling, and UAT failed to provide the student with the required exit counseling materials.

Student #16: UAT withdrew the student on October 29, 2014 for failure to comply with attendance requirements. On November 4, 2014, UAT sent the student an email letter advising the student to complete his required exit counseling. However, UAT failed to follow up to ensure that the student completed his exit counseling, and UAT failed to provide the student with the required exit counseling materials.

UAT also failed to follow up and ensure that the following students completed their exit counseling requirements in a timely manner: Student #1, Student #3, Student #11, Student #12, Student #16, Student #17, Student #18, Student #19, Student #22, Student #23, Student #24, Student #25, Student #26, Student #29, and Student #30.

Institutional Action Taken to Resolve Noncompliance: UAT officials and the reviewers discussed the planned process for corrective action while the reviewers were on-site. UAT provided the reviewers with both a copy of its strengthened procedures for conducting exit counseling and the packet of material to be sent to students when UAT identified the students that required exit counseling.

Subsequent to the on-site portion of the program review, UAT conducted a file review and provided proof that each student that was required to have exit counseling (during the period covered by the program review) was mailed an exit counseling packet. In addition, the strengthened procedures for conducting exit counseling should ensure that this finding won't reoccur.

Final Program Review Determination: UAT has taken the corrective actions necessary to resolve this finding. Therefore, UAT may consider this finding closed, with no further action required.

Finding 2. Inaccurate Reporting to National Student Loan Data System (NSLDS)

Citation: In a Program Participation Agreement (PPA), established between a school and the Department, the school must promise to comply with the HEA and applicable regulations and must agree to provide timely and accurate information to the Secretary for the servicing and collecting of loans—

- (i) Concerning the status of student borrowers (and students on whose behalf parents borrow) while these students are in attendance at the school; and
- (ii) Upon request by the Secretary, concerning any new information of which the school becomes aware for these students (or their parents) after the student leaves the school.

See 34 C.F.R. § 685.300(b)(6).

Upon receipt of an enrollment report from the Secretary, a school must update all information included in the report and return the report to the Secretary—

- (i) In the manner and format prescribed by the Secretary; and
- (ii) Within the timeframe prescribed by the Secretary.

Unless it expects to submit its next updated enrollment report to the Secretary within the next 60 days, a school must notify the Secretary within 30 days after the date the school discovers that—

- (i) A loan under Title IV of the Act was made to or on behalf of a student who was enrolled or accepted for enrollment at the school, and the student has ceased to be enrolled on at least a half-time basis or failed to enroll on at least a half-time basis for the period for which the loan was intended; or
- (ii) A student who is enrolled at the school and who received a loan under Title IV of the Act has changed his or her permanent address.

34 C.F.R. § 685.309(b).

Noncompliance: UAT failed to accurately report data to the NSLDS for graduated and withdrawn students. UAT entered into a contract with the National Student Clearinghouse (a third party servicer) beginning January 1, 2013 to provide its Student Status Confirmation Reports (SSCRs) to NSLDS. However, student statuses were incorrectly reported for some students who had graduated or withdrawn.

Student #2: This student graduated on December 20, 2013, but UAT failed to report the student's correct NSLDS status in a timely manner. Specifically, UAT reported, on August 8, 2014, that the student withdrew. UAT was required to report the correct NSLDS status within 30 days of determining the status had changed.

Student #23: This student graduated on August 24, 2014. However, UAT reported, on October 10, 2014, that the student had withdrawn. UAT was required to report the correct NSLDS status within 30 days.

The following students also had late and/or incorrect information reflected in UAT's records and NSLDS records: Student #1, Student #4, Student #6, Student #10, Student #12 and Student #15.

An institution must correctly report a student who is currently enrolled, withdrawn or has graduated from a program to avoid unnecessary early or late conversion to repayment, causing technical student loan defaults. Institutions must also accurately complete SSCR reports for NSLDS and resolve any conflicting information in such reports and in its students' records.

Institutional Action Taken to Resolve Noncompliance: While the reviewers were on-site they were informed by UAT officials of UAT's plan for correcting the inaccurate NSLDS statuses for its population of withdrawn and graduated students. In addition, UAT provided copies of its

strengthened procedures for updating the Clearinghouse and NSLDS systems that should ensure that reporting is accurate and timely in the future.

Subsequent to the on-site portion of the program review, UAT officials identified a list of students in their CampusVue system that had either graduated or withdrawn for the period beginning January 1, 2013, the date that the National Student Clearinghouse (Clearinghouse) began reporting NSLDS data, on behalf of UAT, to the Department. This list was compared to the computer generated extract files that UAT had submitted to the Clearinghouse. All discrepancies were identified and UAT officials manually corrected the NSLDS and the Clearinghouse systems. UAT also provided documentation that the students had been contacted, that the Clearinghouse files were updated, and that the NSLDS system had been corrected for the affected students.

Final Program Review Determination: UAT has taken the corrective actions necessary to resolve this finding. Therefore, UAT may consider this finding closed, with no further action required.

Finding 3. Pell Overpayment

Citation: For each payment period, an institution may pay a Federal Pell Grant to an eligible student only after it determines that the student qualifies as an eligible student, is enrolled in an eligible program as an undergraduate student, and if enrolled in a credit hour program without terms or a clock hour program, has completed the payment period for which he or she has been paid a Federal Pell Grant.

If the student's enrollment status changes from one academic term to another term within the same award year, the institution must recalculate the Federal Pell Grant award for the new payment period taking into account any changes in the cost of attendance. If the student's enrollment status changes during a payment period after the student has begun attendance in all of his or her classes for that payment period, the institution may (but is not required to) establish a policy under which the student's award for the payment period is recalculated. Any such recalculations must take into account any changes in the cost of attendance. If such a policy is established, it must apply to all students. If a student's projected enrollment status changes for a payment period before the student begins attendance in all of his or her classes for that payment period, the institution shall recalculate the student's enrollment status to reflect only those classes for which the student actually began attendance. 34 C.F.R. §§ 690.75(a) and 690.80.

Noncompliance: Student #15 was funded full time as he was enrolled in 15 credits for the winter semester. He started two 3 credit courses in the first 5-week module within the term. He withdrew before starting the second module. The student was only eligible to receive funding as a half-time student.

Institutional Action Taken to Resolve Noncompliance: The Pell was recalculated for half-time status and proof that \$1412 was returned to the Pell Grant account was provided to the reviewers while they were on-site.

Final Program Review Determination: UAT has taken the corrective actions necessary to resolve this finding. Therefore, UAT may consider this finding closed, with no further action required.

Finding 4: Satisfactory Academic Progress (SAP) Not Adequately Monitored

Citation: In order to begin and to continue to participate in any Title IV program, an institution must demonstrate that the institution is capable of adequately administering the Title IV programs under each of the standards set forth at 34 C.F.R. § 668.16. One such standard is the requirement that an institution establishes, publishes, and applies reasonable standards for measuring whether an otherwise eligible student is maintaining satisfactory academic progress in his/her course of study. 34 C.F.R. § 668.16(e).

Noncompliance: Student # 17's file contained no evidence that a SAP review of this student's academic records had been completed at the end of the student's last period of attendance.

Institutional Action Taken to Resolve Noncompliance: While the reviewers were on-site, the student's SAP status was reviewed and the student was placed on warning status. UAT provided evidence that a letter notifying the student of his SAP status was mailed to the student.

Final Program Review Determination: UAT has taken the corrective actions necessary to resolve this finding. Therefore, UAT may consider this finding closed, with no further action required.

Finding 5. Inaccurate Reporting of Verification Codes

Citation: When an institution disburses a Pell Grant, the institution must report, through the Common Origination and Disbursement (COD) System, the student's verification status. The applicable verification codes are:

V—The institution verified the student. This includes students selected by the Central Processing System (CPS) and those an institution chooses to verify based on its own criteria.

W—The student was selected for verification by the CPS or an institution, and the institution chose to pay a first disbursement of Pell without documentation. This code must be updated once verification is complete, or COD will reduce the Federal Pell Grant to zero.

S—The CPS selected the student for verification, but the institution did not verify him because he satisfied one of the allowable exclusions (except the post-enrollment exclusion) or because the institution participates in the Quality Assurance Program and the student's application did not meet the institution's verification criteria.

Blank—Report a blank if the institution has not performed verification because neither the CPS nor the institution selected the student or because the student was selected by the CPS after ceasing to be enrolled at the institution and all (including late) disbursements were made.

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Noncompliance: UAT erroneously reported that 100% of its students had been verified. UAT had used a field in its CampusVue computer system to internally indicate that verification had been completed. However, the reviewers determined that this field was reporting a “V” code for students not selected or verified. This error caused all UAT students to appear to have been verified in the Department’s COD system. The institution actually verified only the students selected by the Department.

Institutional Action Taken to Resolve Noncompliance: While the reviewers were on-site, UAT provided the reviewers with its new policy and procedures for ensuring that proper verification codes are entered in its system, and it immediately implemented these policies. This corrective action should ensure that accurate verification codes are reported in the future.

Final Program Review Determination: UAT has taken the corrective actions necessary to resolve this finding. Therefore, UAT may consider this finding closed, with no further action required.

Record Retention:

Program records relating to the period covered by the program review must be retained until the later of: resolution of the loans, claims or expenditures questioned in the program review; or the end of the retention period otherwise applicable to the record under 34 C.F.R. § 668.24(e).

We would like to express our appreciation for the courtesy and cooperation extended during the review. If you have any questions concerning this report, please call Marcia Clark at (415) 486-5602.

Sincerely,

(b)(6)

Martina Fernandez-Rosario
Division Director
San Francisco/Seattle School Participation Division

cc: Mr. Charles Hechel, Manager of Student Financial Aid
Ms. Teri Stanfill, Executive Director, Arizona State Board for Private Postsecondary Education
Dr. Barbara Gellman-Danley, President, Higher Learning Commission,
Department of Veterans Affairs (INCOMING.VBAVACO@va.gov)
Department of Defense (osd.pentagon.ousd-p-r.mbx.vol-edu-compliance@mail.mil)
Consumer Financial Protection Board (CFPB_ENF_Students@cfpb.gov)



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Department of Veterans Affairs (INCOMING.VBAVACO@va.gov)
Department of Defense (osd.pentagon.ousd-p-r.mbx.vol-edu-compliance@mail.mil)
Consumer Financial Protection Board (CFPB_ENF_Students@cfpb.gov)